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C O N F I D E N T I A L SECTION 01 OF 03 ASHGABAT 001066

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E.O. 12958: DECL: 10/03/2017
TAGS: [PGOV](#) [PREL](#) [EPET](#) [AJ](#) [TX](#)
SUBJECT: TURKMENISTAN: STATE AGENCY FOR HYDROCARBON
RESOURCES EAGER TO BEGIN USTDA TRAINING

Classified By: Charge Richard E. Hoagland for reasons 1.4(B) and (D).

¶1. (C) SUMMARY: Just back from a week-long orientation trip to the United States hosted by the U.S. Trade Development Agency (USTDA), the Executive Director of Turkmenistan's State Agency for Management and Use of Hydrocarbon Resources, Bayrammurat Muradov, told Charge October 2 that the trip had been very successful in giving key Turkmenistan officials a "new understanding." Muradov asked that the USTDA-proposed training begin as soon as possible and is working to ensure government approval of the program by the end of the week. Muradov also stated that his government is discussing how to implement broader cooperation on oil and gas that goes beyond training, and will be in touch. Muradov said Chevron had offered an "interesting proposal" for a totally new type of joint operations to which government officials are giving careful consideration. On Caspian bilateral delimitation, he expressed doubt that Azerbaijan is willing to diverge from its opening offer. We believe Turkmenistan's hydrocarbon officials are moving slowly because of the uncertainty that comes from inexperience and previous international isolation. However, they seem to be increasingly open to U.S. engagement and assistance, both for training and for diplomatic assistance with Azerbaijan on bilateral delimitation. END SUMMARY.

¶2. (SBU) During an October 2 meeting with the Charge, Muradov thanked the U.S. government and the U.S. Trade Development Agency (USTDA) for the September 22-29 orientation visit to Washington and Houston that they had sponsored for five high-level Turkmen hydrocarbon officials. Muradov said that the visit was very useful, not just because of the opportunity to meet with many people, but also because it had given Turkmenistan's state hydrocarbon sector officials a "new understanding." He personally regretted having to miss the meetings at the State Department with EEB Assistant Secretary Dan Sullivan and SCA Deputy Assistant

Secretary Evan Feigenbaum, which colleagues had told him were

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particularly useful. However, the first and most important outcome from Muradov's perspective was the very great interest that U.S. companies had shown in Turkmenistan -- he said it was "a pleasant surprise." When Charge pressed for further reaction, Muradov wished that the delegation could have had even more detailed discussions with U.S. companies, but he recognized that such discussions would have required more time than the delegation had available on this trip. In sum, for a first, orientation-focused visit, he judged the delegation's trip had been very successful.

NEXT STEPS: TRAINING ASAP

13. (SBU) Responding to the Charge's question about next steps, Muradov said that the Government of Turkmenistan wants to begin the training program that it worked with USTDA to define as soon as possible. Muradov very much hoped that the Cabinet of Ministers will approve the draft proposal on or before October 5 because his agency is in need of the training, and he does not want to see any delays. However, when the Charge asked Muradov what other next steps the United States and Turkmenistan could take to improve cooperation in the energy sector, Muradov said although his government is thinking of ways to strengthen cooperation, he is not yet able to propose specific initiatives but truly appreciates the sustained U.S. support and interest.

TURKMENISTAN IS DISCUSSING MORE NEXT STEPS

14. (SBU) Charge noted that during President Berdimuhamedov's meeting in New York with Secretary of State Rice, the president had proposed establishing a bilateral technical and

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legal working group in oil and gas, in which Turkmenistan would supply the technical experts and the United States the legal experts. The Secretary had agreed. Charge asked whether Muradov believed the USTDA training program would cover that request, or whether President Berdimuhamedov was thinking of something else. Muradov replied the USTDA program would answer a part of the request and there would be a partial overlap. This is one of the reasons that Muradov could not respond to the Charge's request for further suggestions on next steps. Turkmenistan wants to broaden the spectrum of cooperation in the oil and gas sector, and training is only a small part of that equation. Turkmenistan's government is discussing, both internally within the hydrocarbon agencies, and at the Cabinet of Ministers with Deputy Chairman of the Cabinet of Ministers for Oil and Gas Tachberdi Tagyev and Deputy Chairman of the Cabinet of Ministers/Foreign Minister Rashit Meredov how it could implement broader bilateral cooperation. Muradov assured the Charge the State Agency will be in touch once an answer is available.

TURKMENISTAN IS CONSIDERING CHEVRON'S "INTERESTING PROPOSAL"

15. (C) Noting that the president had met with many business people in New York, and that Chevron had just asked the embassy to forward a letter to the president, the Charge asked if Muradov could supply any further details about Turkmenistan's plans, including with Chevron. Muradov said Chevron had submitted a "very interesting proposal" for joint operations in Turkmenistan and had presented a draft Memorandum of Understanding (MOU) for that proposal to President Berdimuhamedov in New York. Turkmenistan had started studying the document, particularly the legal and economic implications of signing the document. In principle, the Chevron proposal was of great interest to Turkmenistan. If the government accepts the MOU, it would be the first arrangement of its type in the area. Turkmenistan is intrigued by the proposal, but wants to be sure of what it is agreeing to before it says yes.

PRESIDENT'S MEETING WITH MIDLAND OIL

16. (SBU) Muradov told the Charge that Berdimuhamedov's meeting with Midland Oil had come as a total surprise to him. Midland had sought to arrange a meeting ahead of time through Turkmenistan's mission to the UN, and had been told that the president would meet with the company if he had time. In the end, the president had felt he needed to meet with Midland because his meeting with the New York Stock Exchange had been organized by a Midland official, who had previously worked at the stock exchange.

AZERBAIJAN NOT INTERESTED IN DELIMITATION

17. (C) In response to a question, Muradov said Turkmenistan and Azerbaijan are both making major efforts to improve their bilateral relationship. While the political aspect of negotiations seems to be going well, however, there had been no improvement in economic activity, and this would eventually hinder progress in the political sphere. Muradov said he could not spell out what he meant by "economic cooperation" at this point, but he did not think Azerbaijan was genuinely interested in delimitation. The Charge said he had just heard from the U.S. Ambassador to Baku that Azerbaijan, too, wants to resolve delimitation. Charge noted it was essential for the two foreign ministers to talk. When Muradov asked whether Azerbaijan had said anything about the disputed Serdar block, Charge said SOCAR had told him already at the beginning of July that compromise is possible. Charge urged the two countries to consult regularly, because only

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serious negotiations can lead to a compromise. Muradov asked for U.S. assistance with negotiations. Charge promised to consult with U.S. Embassy Baku and Washington to see whether there was a quiet and appropriate way the United States could be helpful. Charge re-emphasized it is in the interest of the government and people of Turkmenistan to resolve the delimitation issue.

18. (C) COMMENT: Turkmenistan is at a crossroads on energy issues and appears to be genuinely interested in greater direct engagement with the West. As it considers the benefits, however, it feels it stands at a disadvantage, due to its officials' inexperience in dealing with delimitation, the West in general, and Western firms in particular. We believe this is the reason for Turkmenistan's dithering on next steps -- and for Muradov's eager response to the training that USTDA has offered. We urge soonest-possible follow-through on the USTDA training program to give Turkmenistan the confidence it needs to start making much-needed decisions. END COMMENT.
HOAGLAND